

INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant	Name of Foreign Principal
Stovall & Spradlin	Government of the Federated States of Micronesia

Check Appropriate Boxes:

- ☒ The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
- ☐ There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
- ☐ The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

RECEIVED
U.S. DEPT. OF JUSTICE
MAR 25 1988
INTERNAL SECURITY
REGISTRATION

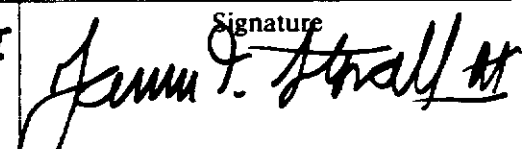
5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

Periodic contacts with U.S. Executive and Legislative Branch officials, in person, by telephone or by correspondence.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes ☒ No ☐

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Presentation of legal positions on behalf of the Government of the Federated States of Micronesia to officials of the U.S. Executive and Legislative Branches relating to implementation and application of the provisions of the Compact of Free Association and the Compact of Free Association Act of 1985 (Public Law 99-236), and in support of the extension of additional grant of funds and technical assistance by the Government of the United States to the Government of the Federated States of Micronesia.

Date of Exhibit B	Name and Title	Signature
MARCH 18, 1988	JAMES T. STOVALL III PARTNER	

¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

C80175

NATIONAL GOVERNMENT OF THE
FEDERATED STATES OF MICRONESIA

Contract for Services by
Independent Contractor/Consultant
Non-Employment Status

THIS CONTRACT (hereinafter "Contractor") is entered into as of the date of execution hereof by and between the NATIONAL GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA (hereinafter "Government"), whose address is P.O. Box 490, Kolonia, Pohnpei, FSM 96941 and STOVALL & SPRADLIN, a law firm having its principal offices at The Watergate, Suite 820, 2600 Virginia Avenue, N.W., Washington, D.C. 20037.

RECITALS

Government desires the services of a qualified law firm to provide legal representation to the Government primarily in the area of international relations.

Stovall & Spradlin has extensive experience in international relations and governmental matters relating to the Federated States of Micronesia and desires to perform the hereinafter described services for Government under the conditions set forth in this Contract.

WITNESSETH

NOW, THEREFORE, in consideration of the mutual covenants, promises and obligations herein set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Government and Stovall & Spradlin do hereby agree as follows:

1. SCOPE OF SERVICES.

A. Government hereby retains Stovall & Spradlin to render services to Government as attorneys and counselors-at-law. Stovall & Spradlin shall, under the authority of the Attorney General and upon request of Government, provide Government and its officers with legal advice, assistance and representation in matters relating to the Federated States of Micronesia's government-to-government relationships with the United States of America and other foreign countries and in matters relating to its relationships with international organizations. Stovall & Spradlin shall, upon request of Government and with the approval of the Attorney General of the Federated States of Micronesia,

represent the Government in all proceedings which may be pending or which may be pending or which may hereafter arise before any of the federal, state or local courts of the United States or before any of the federal, state, or local agencies or departments of the United States and with respect to which the Federated States of Micronesia is a party or otherwise interested. Stovall & Spradlin shall, under the authority of the Attorney General and upon request of Government, also provide legal advice, assistance and representation to the Office of the FSM Representative to the United States and to the personnel of that office with respect to matters relating to the official functions of the office. Stovall & Spradlin shall, under the authority of the Attorney General and upon request of Government, also provide legal advice, assistance and representation to the Government on matters in addition to the matters described above and render legal advice, assistance, and representation to the States, municipalities, and subdivisions of the Federated States of Micronesia.

B. Stovall & Spradlin hereby agrees to serve as attorneys and counselors-at-law to Government under authority of Attorney General and will faithfully represent the interests of Government and render to the best of its abilities the services described above during the continuance of this Contract. The parties hereto specifically recognize that an important goal of the counsellor relationship established hereunder is to promote and develop maximum self-reliance on the part of the FSM Representative to the United States and his staff. Services by Stovall & Spradlin pursuant to paragraph 1A hereof shall be provided in a manner fully consistent with the achievement of that goal.

C. The services to be rendered by Stovall & Spradlin pursuant to this contract shall be performed either by James T. Stovall, III or under his direct supervision, and he shall be responsible for the satisfactory performance thereof.

D. Except as otherwise provided in this Contract, the Secretary of External Affairs or the Attorney General shall act as the authorized representative of Government for purposes of all notices,

requests, determinations and other actions to be taken by Government pursuant to this Contract.

2. DURATION.

A. The time of performance under this Contract shall be one year, commencing on January 1, 1988 and ending on December 31, 1988.

B. This Contract may be terminated by either party, with or without cause, on the giving in writing to the other party of thirty (30) days notice of termination.

3. COST AND TERMS OF PAYMENT.

A. Government shall pay Stovall & Spradlin the sum of \$100,000 as consideration for its services pursuant to this contract. Said sum shall be paid in equal quarterly installments of \$25,000, with each payment to be made by check, delivered by appropriate means to the offices of Stovall & Spradlin on or before December 31, 1987, and on or before the last day of each calendar quarter thereafter. Stovall & Spradlin shall maintain records of requested services rendered, based on a rate of payment not to exceed \$150 per hour. If, during any calendar quarter, the value of requested services at or below the above rate exceeds the overall \$25,000 amount, Stovall & Spradlin shall so notify Government and, upon approval by the Attorney General, shall continue to provide such services, submitting supplementary billings to Government for any month during that quarter or portion thereof, at the maximum \$150 hourly rate. Stovall & Spradlin understands that it is Government's policy, to the extent consistent with full protection of its interests within the areas specified in paragraph 1A, to minimize its expenses for Washington counsel. Stovall & Spradlin accepts as one of its responsibilities under this contract the observance of the aforementioned policy.

B. Government shall reimburse Stovall & Spradlin for reasonable and necessary expenses incurred by Stovall & Spradlin in rendering services pursuant to this Contract, including expenses for travel outside of the Washington, D.C. area authorized by Government (air and train fares; hotel, meal and laundry charges; car rental, gasoline, insurance, and parking charges; taxi fares; and other incidental

expenses), expenses for taxis and parking fees in the Washington, D.C. area, communications expenses (long distance telephone calls, telexes, telefaxes, postage, and express delivery services), expenses for copying documents, and representation expenses involving one or more individuals who are not officials or employees of the Federated States of Micronesia or of its States, municipalities or subdivisions. Expenses shall be reimbursed promptly after submission to Government and Attorney General of a report detailing such expenses and accompanied by proper receipts, certifications, or other documents as required by the Secretary of Finance in accordance with the provisions of the Financial Management Act of 1979, as amended, and other applicable laws and regulations.

C. Stovall & Spradlin shall provide the Attorney General with a statement no later than thirty (30) calendar days after each calendar quarter indicating the number of hours devoted by the partners, associates, and other employees of Stovall & Spradlin in rendering services pursuant to this Contract, describing in general terms the type of services rendered, and indicating hourly rates pursuant to paragraph 3A.

D. Stovall & Spradlin warrants that neither it nor its partners, associates or other employees have made and will not make payments or remuneration of any kind to any person, agency, or entity to secure this Contract.

E. In addition, the parties agree to the following terms and conditions:

(1) Stovall & Spradlin agrees to perform the services hereunder to the reasonable satisfaction of the Attorney General and Government prior to payments hereunder.

(2) Notwithstanding section 2B, in the event that Stovall & Spradlin fails to commence the services in a timely fashion, or, if having commenced work, Stovall & Spradlin abandons the work or fails to perform the work to the reasonable satisfaction of the Attorney General and the Government, then the Government reserves the right to immediately terminate this Contract and Government will be liable only for the reasonable value of the services provided up to the date of termination of contract.

(3) If the Government has advanced an amount in excess of its liability hereunder, Stovall & Spradlin shall promptly repay the excess to the Government or the Government may withhold the excess from compensation otherwise due to Stovall & Spradlin under this Contract.

4. OTHER TERMS AND CONDITIONS.

A. All documents and other written materials produced by Stovall & Spradlin or acquired by Stovall & Spradlin in rendering services pursuant to this Contract shall be the property of the Government. Upon expiration or termination of this Contract, Stovall & Spradlin shall, within a reasonable time, transfer all such documents and materials to the Government.

B. Stovall & Spradlin and its partners and associates, in rendering services pursuant to this Contract, are bound by the Model Rules of Professional Conduct, as adopted by the American Bar association on August 2, 1983. In the event that Stovall & Spradlin or any of its partners or associates are, on the effective date of this Contract, acting as attorneys or counselors-at-law for any other clients with respect to a matter having any relationship to the Federated States of Micronesia, or after the effective date of this Contract and during its term desire to so act for any other client, Stovall & Spradlin shall consult with the Attorney General and obtain the Attorney General's written consent prior to continuing or beginning such representation. After the expiration or termination of this Contract, Stovall & Spradlin and its partners and associates shall not, without written consent from the Attorney General, act as attorneys or counselors-at-law for the Government of the United States in matters directly involving the Federated States of Micronesia or act as attorneys and counselor-at-law for any other client where such latter representation is adversary to the Federated States of Micronesia or any of its political subdivisions, or involves the use of confidential information obtained by Stovall & Spradlin in rendering services pursuant to this contract. Stovall and Spradlin shall disclose to the Attorney General all equity or other interests held by Stovall & Spradlin or any of its partners, associates, or other employees or their immediate families in any corporation

partnership, or other entity doing business in the Federated States of Micronesia or intending to do such business.

5. COMPLIANCE WITH LAW.

In connection with this Contract, Stovall & Spradlin and its partners, associates, and other employees shall comply with all laws, rules and regulations as applicable, of the Federated States of Micronesia or any of its States, municipalities or subdivisions.

6. RELATIONSHIP OF THE PARTIES.

The parties intend and hereby expressly agree that an Independent Contractor-Employer relationship is created by this Contract. Except as otherwise provided in this Contract, Stovall and Spradlin and its partners, associates, and other employees are not agents, employees or alter egos of Government for any purpose. Stovall & Spradlin and its partners, associates and other employees are not entitled to the rights, privileges or benefits that Government provides for Government employees. Stovall & Spradlin is solely and entirely responsible for its acts and the acts of its partners, associates and other employees during the performance of this Contract.

7. LIABILITY.

Stovall & Spradlin agrees to indemnify, hold harmless, and defend Government, its agents, employees, officers, directors, and personnel of any other nature, for/from any and all claims, losses, damages, injuries, death and for liabilities arising in any way out of Stovall & Spradlin's performance of this Contract.

8. ENFORCEMENT FEES AND COSTS.

Either party hereto shall have the right to recover any and all damages resulting from or attributable to a breach hereof by the other party. In any action brought to enforce the provisions of this Contract, the prevailing party shall be entitled to recover all costs and expenses related to such action, including reasonable attorney fees and court fees.

9. APPLICABLE LAW.

This Contract shall be interpreted and enforce in accordance with the laws of the Federated States of Micronesia.

10. SUBCONTRACTORS.

Stovall & Spradlin shall not subcontract any portion of this Contract without the prior written consent of the Attorney General.

11. ASSIGNMENT.

Neither this Contract, nor any obligation, duty, right or responsibility created hereby may be assigned except upon prior written approval of Stovall and Spradlin and the Attorney General of the Federated States of Micronesia, and any attempted assignment without such approval shall be null and void and without effect either at law or equity.

12. WAIVER OF BREACH.

A waiver by either party of any breach of this Contract shall not operate as a waiver of any subsequent breach hereof.

13. ORIGINALS, AMENDMENTS.

This Contract may be executed in more than one original and each such original shall be as effective as all others. This Contract may not be amended or otherwise modified except by written agreement executed by both parties hereto. A modification or amendment to any original, such modification or amendment having been executed by both parties hereto, shall be equally effective as to all originals whether or not such originals have been so modified or amended.

14. SEVERABILITY.

In the event any part of portion of this Contract shall be found to be unenforceable then such part or portion shall be severed from the remainder hereof as if never a part hereof, and the remainder of this Contract shall remain in full force and effect, unaffected thereby.

15. ENTIRE AGREEMENT.

This instrument contains the entire agreement by the parties relating to the subject matter hereof, and any other agreement or understanding relating hereto, whether oral or written, is superseded hereby.

IN WITNESS WHEREOF, the parties have executed this Contract as follows:

NATIONAL GOVERNMENT OF THE
FEDERATED STATES OF MICRONESIA

By:

J. Wandof
Attorney General

Date:

1/25/88

STOVALL & SPRADLIN

By:

James F. Stovall

Date:

1/25/88

Internal Use Only

Funds Available Acct. No. 1043-8408

J. Stovall
Secretary of Finance

Date

1/25/88

Legal Sufficiency Determined:

J. Wandof
FSM Attorney General

Date

1/25/88